

CLARENCE MARINE  
ENGINEERING LIMITED



**CLARENCE MARINE  
ENGINEERING LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2001

# CLARENCE MARINE ENGINEERING LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 December 2001

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Company registration number: 2139067

Registered office: South Street  
Gosport  
Hampshire  
PO12 1EP

Directors: Non executive M R Wright, ARICS  
J E Macmillan

Executive G D Phillips  
C R P Withinshaw

Secretary: J E Macmillan

Bankers: Barclays Bank Plc  
43/44 High Street  
Gosport  
Hampshire  
PO12 1DN

Solicitors: Churchers  
28 High Street  
Gosport  
Hampshire  
PO12 1DQ  
  
Blake Laphorn  
New Court  
1 Barnes Wallis Road  
Segensworth  
Fareham  
PO15 5OA

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants  
Manor Court  
Barnes Wallis Road  
Segensworth  
Fareham  
Hampshire  
PO15 5GT

# CLARENCE MARINE ENGINEERING LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 December 2001

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# CLARENCE MARINE ENGINEERING LIMITED

## REPORT OF THE DIRECTORS

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The directors present their report together with financial statements for the year ended 31 December 2001.

### Principal activities

The company is principally engaged in marine engineering and maintenance, operating from Clarence Wharf, Gosport, where it continues to maintain the group's launches and ferry vessels, private craft and fishing boats.

### Business review

There was a profit for the year after taxation amounting to £19,770 (2000: profit £13,071). The directors do not recommend payment of a dividend (2000: £nil).

The company will continue to maintain the group's ferries, pontoons and equipment while offering comprehensive boatyard services to yachtsmen and commercial fishermen.

### Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 31 December 2001 and 1 January 2001, were as follows:

	Ordinary shares	
	31 December 2001	1 January 2001
M R Wright, ARICS	-	-
J E Macmillan	-	-
G D Phillips	-	-
C R P Withinshaw	-	-

The interests of the directors in the shares of the holding company, The Portsmouth Harbour Ferry Company plc, and of other subsidiaries of the holding company, namely Portsea Harbour Company Limited, Gosport Ferry Limited, and Cobham Travel Service Limited are shown in those companies' accounts.

### Directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**CLARENCE MARINE ENGINEERING LIMITED**

**REPORT OF THE DIRECTORS**

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**Auditors**

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'M R Wright', with a stylized flourish at the end.

M R Wright, ARICS  
Director  
3 April 2002

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
CLARENCE MARINE ENGINEERING LIMITED**

We have audited the financial statements of Clarence Marine Engineering Limited for the year ended 31 December 2001 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 19 on pages 4 to 11. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

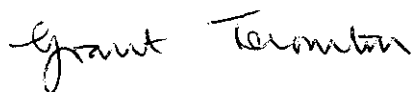
**Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

PORTSMOUTH  
3 April 2002

# **CLARENCE MARINE ENGINEERING LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

### **TURNOVER**

Turnover is the total amount receivable by the company for services provided, excluding VAT.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

Freehold buildings	25 years
Plant and machinery	5-10 years
Motor vehicles	4 years
Fixtures and fittings	5-10 years

### **STOCKS**

Stocks are stated at the lower of cost and net realisable value.

### **DEFERRED TAXATION**

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise.

### **CONTRIBUTIONS TO PENSION FUNDS**

#### **Defined contribution scheme**

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

### **LEASED ASSETS**

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

# CLARENCE MARINE ENGINEERING LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2001

	Note	2001 £	2000 £
<b>Turnover</b>	1	<b>394,218</b>	419,606
Cost of sales		<b>(209,911)</b>	(257,155)
Gross profit		<b>184,307</b>	162,451
Administrative expenses		<b>(171,963)</b>	(161,321)
<b>Operating profit</b>		<b>12,344</b>	1,130
Interest receivable and similar charges	3	-	4
<b>Profit on ordinary activities before taxation</b>	1	<b>12,344</b>	1,134
Tax on profit on ordinary activities	4	<b>7,426</b>	11,937
<b>Profit transferred to reserves</b>	12	<b>19,770</b>	13,071

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.



# CLARENCE MARINE ENGINEERING LIMITED

## BALANCE SHEET AT 31 DECEMBER 2001

	Note	2001 £	2000 £
<b>Fixed assets</b>			
Tangible assets	5	153,039	167,967
<b>Current assets</b>			
Stocks	6	5,323	24,548
Debtors	7	172,216	221,993
Cash at bank and in hand		300	425
		<u>177,839</u>	<u>246,966</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(261,257)</u>	<u>(354,579)</u>
<b>Net current liabilities</b>		<u>(83,418)</u>	<u>(107,613)</u>
<b>Total assets less current liabilities</b>		<u>69,621</u>	<u>60,354</u>
<b>Provisions for liabilities and charges</b>	9	<u>(74)</u>	<u>(10,577)</u>
		<u><u>69,547</u></u>	<u><u>49,777</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	2,000	2,000
Profit and loss account	12	67,547	47,777
<b>Shareholders' funds</b>	13	<u><u>69,547</u></u>	<u><u>49,777</u></u>

The financial statements were approved by the Board of Directors on 3 April 2002

M R Wright, ARICS

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

# CLARENCE MARINE ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

### 1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:	2001 £	2000 £
Depreciation:		
Tangible fixed assets, owned	16,023	18,703
Hire of plant and machinery	179	(84)
Other operating lease rentals	32,815	31,465

Auditors' remuneration of £1,500 (2000:£1,500), which relates to this company, has been charged in The Portsmouth Harbour Ferry Company plc.

### 2 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	2001 £	2000 £
Wages and salaries	196,905	172,907
Social security costs	18,483	17,665
Other pension costs	7,895	6,964
	223,283	197,536

The average number of employees of the company during the year was as follows:

	2001 Number	2000 Number
Maintenance	8	8
Management	1	1
	9	9

The directors did not receive any remuneration (2000: £nil).

### 3 INTEREST PAYABLE/(RECEIVABLE) AND SIMILAR CHARGES

	2001 £	2000 £
Other interest payable/(receivable)	-	(4)

# CLARENCE MARINE ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
UK Corporation tax at 20% (2000: 20%)	3,077	656
Deferred taxation	(10,503)	(12,593)
	<u>(7,426)</u>	<u>(11,937)</u>

### 5 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 January 2001	151,839	144,330	23,369	3,190	322,728
Additions	-	-	-	1,095	1,095
At 31 December 2001	<u>151,839</u>	<u>144,330</u>	<u>23,369</u>	<u>4,285</u>	<u>323,823</u>
Depreciation					
At 1 January 2001	27,859	100,833	23,368	2,701	154,761
Provided in the year	6,073	9,659	-	291	16,023
At 31 December 2001	<u>33,932</u>	<u>110,492</u>	<u>23,368</u>	<u>2,992</u>	<u>170,784</u>
Net book amount at 31 December 2001	<u>117,907</u>	<u>33,838</u>	<u>1</u>	<u>1,293</u>	<u>153,039</u>
Net book amount at 31 December 2000	<u>123,980</u>	<u>43,497</u>	<u>1</u>	<u>489</u>	<u>167,967</u>

### 6 STOCKS

	2001 £	2000 £
Engineering spares and materials	<u>5,323</u>	<u>24,548</u>

# CLARENCE MARINE ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

### 7 DEBTORS

	2001 £	2000 £
Trade debtors	-	1,087
Amounts owed by group undertakings	170,727	218,839
Prepayments and accrued income	1,489	2,067
	<u>172,216</u>	<u>221,993</u>

### 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank overdraft	7,560	9,086
Trade creditors	5,388	18,446
Amounts owed to group undertakings	236,858	319,001
Corporation tax	3,077	656
Social security and other taxes	4,738	5,329
Other creditors	126	1,575
Accruals and deferred income	3,510	486
	<u>261,257</u>	<u>354,579</u>

### 9 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 January 2001	10,577
Provided during the year	(10,503)
At 31 December 2001	<u>74</u>

### 10 DEFERRED TAXATION

Deferred taxation provided for and not provided for in the financial statements is set out below.

	Amount provided		Amount unprovided	
	2001 £	2000 £	2001 £	2000 £
Accelerated capital allowances	<u>74</u>	<u>10,577</u>	<u>-</u>	<u>-</u>

# CLARENCE MARINE ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

### 11 SHARE CAPITAL

	2001 £	2000 £
Authorised 2,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid 2,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

### 12 RESERVES

	Profit and loss account £
At 1 January 2001	47,777
Retained profit for the year	<u>19,770</u>
At 31 December 2001	<u>67,547</u>

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	<u>19,770</u>	<u>13,071</u>
Net increase in shareholders' funds	<u>19,770</u>	<u>13,071</u>
Shareholders' funds at 1 January 2001	<u>49,777</u>	<u>36,706</u>
Shareholders' funds at 31 December 2001	<u>69,547</u>	<u>49,777</u>

### 14 PENSIONS

#### Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

# CLARENCE MARINE ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

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### 15 LEASING COMMITMENTS

Operating lease payments amounting to £31,000 (2000: £31,000) are due within one year. The leases to which these amounts relate expire as follows:

	2001 Land and buildings £	2000 Land and buildings £
In one year or less	<u>31,000</u>	<u>31,000</u>

### 16 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2001 or 31 December 2000.

### 17 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2001 or 31 December 2000.

### 18 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of The Portsmouth Harbour Ferry Company plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by The Portsmouth Harbour Ferry Company plc which is registered in England and Wales. Copies of the group accounts can be obtained from The Portsmouth Harbour Ferry Company plc, South Street, Gosport, Hampshire, PO12 1EP.

### 19 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is The Portsmouth Harbour Ferry Company plc, registered in England and Wales.

The Portsmouth Harbour Ferry Company plc is this company's controlling party and ultimate controlling related party by virtue of owning 100% of the issued share capital of the company.